



State of Washington
Department of Revenue

Excise Tax Advisory

Excise Tax Advisories (ETA) are interpretive statements issued by the Department of Revenue under authority of RCW 34.05.230. ETAs explain the Department's policy regarding how tax law applies to a specific issue or specific set of facts. They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

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OUT-OF-STATE ACTIVITIES RELATED TO PERFORMANCE OF LOCAL INSTALLATION CONTRACT

Issued July 29, 1966

Are engineering services performed outside the state at the option of the contractor and equipment or materials purchased outside the state which are used in performing a construction and installation contract exempt from the Business and Occupation Tax?

The taxpayer contracted with the Federal Government to draw plans and specifications, construct, install and test certain equipment for a military base in Washington. The plans and specifications were drawn up outside the state and purchases of some materials and equipment were also made outside the state.

The contract was basically local in nature as it called for the installation and testing of equipment within the state. It did not require that certain services be performed out-of-state. Thus the out-of-state purchases and services were not separable from the local incidents of the tax, the construction, installation, and testing of the equipment. The Business and Occupation Tax was applied to the full contract price without apportionment and exclusion of any out-of-state activities.

ETBS have been made Excise Tax Advisories, and have retained their old number. Advisories with a 2 (plus three digits) are new advisories, ETBs that have been revised and readopted after review under the Department's regulatory improvement program, or advisories that have been revised and/or readopted.

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